

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. _____

Petition of MCI Communications Services,
 Inc. and XO Communications Services, LLC
 for Approval of an Internal Corporate
 Restructuring

PETITION

I. INTRODUCTION

Petitioners MCI Communications Services, Inc. d/b/a Verizon Business Services (“MCI”) and XO Communications Services, LLC (“XO”), both of which are certificated communications service providers, respectfully request any required approval for an internal corporate restructuring that will (i) merge XO Communications, LLC (“XOC”), the unregulated parent of XO, into MCI; (ii) transfer ownership of XO to MCI; and (iii) merge Telecommunications of Nevada, LLC d/b/a XO Communications, LLC (“TON”), an XO affiliate, into XO. XO will continue to exist as a legal entity and a certificated telephone company after the transaction and will continue to be — as it is now — an indirect, wholly owned subsidiary of Verizon Communications Inc. (“VCI”). The transaction restructures companies within the Verizon group to promote administrative simplicity and will not result in any meaningful change in the management or control of XO. Because the transaction will help reduce the costs of a regulated company, it is in the public interest. This Petition is filed pursuant to S.C. Code Ann. § 58-9-310 (2015) and in accordance with 10 S.C. Code Regs. 103-825 (2012).

The Petitioners expect the transaction to close on or after June 30, 2018, and respectfully request approval before that date.

II. PARTICIPANTS IN THE TRANSACTION

1. All of the entities in the proposed internal transaction are ultimately wholly owned and controlled by VCI. The following are the key participants:

2. XO is a Delaware limited liability company that has been certificated in 49 states and the District of Columbia as a telecommunications service provider. In South Carolina, XO was granted authority to provide local and interexchange services in docket 2004-214-C/2004-532 on October 26, 2004.

3. XOC is a Delaware limited liability company and the immediate parent of XO. XOC is not certificated in South Carolina and is not regulated by the Commission.

4. TON is a limited liability company with authority to operate as a competitive telecommunications service provider in the state of Nevada.

5. MCI is a Delaware corporation that operates in 49 states as a regulated interexchange telecommunications service provider. In South Carolina, MCI's predecessor was granted authority to operate as an interexchange carrier in Docket No. 84-181-C, Order No. 84-732 On September 24, 1984.

III. PETITIONERS' REPRESENTATIVES

6. MCI and XO are represented in this proceeding by their undersigned counsel.

IV. DESCRIPTION OF THE PROPOSED TRANSACTION

7. As relevant here, the restructuring involves four steps. First, the ownership interest in XOC will be transferred from MCI International Inc., through a series of transactions with its

subsidiaries, to MCI.¹ Second, XOC will transfer most of its assets and all of its liabilities to XO.² Third, XOC will be merged into MCI, leaving XO as a wholly owned subsidiary of MCI. Fourth, TON will be merged into XO. Because XO will remain an indirect, wholly owned subsidiary of VCI, there will be no meaningful change in its management or control. The proposed restructuring will be seamless and transparent to customers, who will continue to be served in the same manner as they are today.

8. Corporate organization charts showing the ownership of the participating entities both before and after the transaction are provided as Exhibit A to this Petition.

9. The transaction restructures companies within the Verizon group to promote administrative simplicity and cost savings. In particular, making XO a direct subsidiary of MCI will greatly simplify MCI's tax accounting and the preparation of its income tax returns, creating significant administrative efficiencies and cost savings. The transaction will therefore serve the public interest by reducing the costs of a regulated entity.

10. Petitioners submit that, because the proposed restructuring will have no impact on service to customers, no hearing is necessary under §58-9-310. Further, no notice of filing or hearing is necessary under 10 S.C. Code Regs. 103-804.I and J (2012) and these requirements should be waived under 10 S.C. Code Regs. 103-803 (2012).

¹ Specifically, the ownership interest in XOC will be transferred by MCI International Inc. to (in order) MCI International Services Inc., MCI International Telecommunications Corporation, Terremark Worldwide, Inc., MCI Broadband Solutions, Inc., and, finally, MCI. Each of these entities is a Delaware corporation, and a wholly owned subsidiary of the entity preceding it in the chain.

² The only XOC asset that will not be transferred to XO in this second step is TON, which will be merged into XO in the fourth step of the restructuring.

V. RELIEF REQUESTED

11. Petitioners respectfully request that the Commission approve the proposed restructuring and waive the requirements for public notice and a hearing.

12. The merger is planned to be closed on or after June 30, 2018. Petitioners respectfully request that the Commission grant expedited review and approval of this Petition so that an order of approval may be issued no later than June 30, 2018.

WHEREFORE, having fully set forth its Petition, MCI and XO respectfully request that the Petition, and such other and further relief as the Commission may find just and proper, be granted.

Respectfully Submitted,

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 This 4th day of April, 2018